BRITISH COLUMBIA

BC STATS Infoline

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highlights

a weekly digest of recently released British Columbia statistics

Labour Force

- **British Columbia's unemployment rate stayed put at 7.7% (seasonally adjusted) in October, as both the number of jobs (+0.3%) and the size of the labour force (+0.2%) grew at similar rates.** Unemployment rates showed little change in most parts of the country. Nationally, the rate edged up 0.1 percentage points, increasing to 6.9%. All four western provinces, plus Ontario and New Brunswick saw the jobless rate move no more than 0.1 percentage point between September and October. PEI (+2.2 points) was the only province where there was a notable change.

  A relatively strong increase in the number of public sector jobs (+1.2%), combined with slower growth (+0.4%) in private sector employment boosted BC's employment figures. Self-employment fell (-1.4%) in October, after rising in the previous two months. Jobless rates for young workers (those aged 15-24) remained relatively high, at 15.7%. Men of all ages (8.1%) were more likely to be unemployed and looking for work than were women (7.2%). *Source: Statistics Canada*

- **Labour market conditions continued to vary widely among the province's regions.** The unemployment rate in North Coast/Nechako (12.3%, 3-month moving average) stayed in the double-digits for the fourth month in a row. Northeast (5.8%), where the demand for workers has picked up after a hiatus during most of 1998 and 1999, had the lowest jobless rate in the province. Rates in other regions ranged from 6.3% in Mainland/Southwest to just under ten percent in Kootenay (9.7%) and Cariboo (9.8%).

  Vancouver Island/Coast, Cariboo, and North Coast/Nechako again saw both the number of jobs and the size of the labour force fall below last year's levels, continuing a trend that began in the summer. In the rest of the province, the labour force and employment have expanded since October 1999. *Source: Statistics Canada*

BC's Economic Performance in 1999

- **British Columbia's economy grew by 2.1% in 1999.** While the increase represented an improvement over 1998's sluggish performance (+0.9%), it was less than half the national average (+4.5%), and the second lowest in the country. Saskatchewan (+1.1%) was the only province that under-performed BC last year.

  Ontario (+6.1%) and Newfoundland (+6.0%) continued to be the major engines driving the expansion of the Canadian economy during 1999. Nova Scotia (+5.2%) and Quebec (+4.7%) also grew at above-average rates. In Ontario and points east, every province except PEI (+3.2%) saw real GDP growth of at least four percent. The western provinces did not fare as well. Increases in this part of the country ranged from +1.1% in Saskatchewan to +3.0% in Manitoba. Yukon (+1.0%) and NWT/Nunavut (+2.3%) also lagged behind eastern Canada. *Source: Statistics Canada*

- **A turnaround in domestic demand, combined with higher international exports contributed to the improvement in BC's economy during 1999.** Final domestic demand, a measure of total purchases of goods and services by economic agents within BC, was up 3.6%, after stalling (-0.1%) in 1998. Consumer (+2.6%) and government (+2.0%) purchases rose moderately, but the main impetus for growth came from capital investment. In 1998, investment by both the government (-7.7%) and business (-5.1%) sectors was weak. Last year, government investment in fixed capital skyrocketed (+27.0%), while businesses increased their spending 5.5%. The residential sector remained in the doldrums

Report **British Columbia's Aquaculture Industry**

Did you know...

In 1998, BC had the second-highest crime rate in the country and spent more, per capita, prosecuting criminals ($13.21) than any other province. The national average was $9.20.

(-6.4%), but investment in non-residential structures (+5.7%) and machinery and equipment (+18.6%) rose quite substantially. In addition, international exports of goods and services were up 8.4% while exports to other provinces expanded 2.8%. At the same time, the demand for goods and services produced outside the province jumped 5.4%, dampening the effect of the export growth on BC's GDP. *Source: Statistics Canada*

- **On a per capita basis, real GDP in the province edged up slightly (+1.3%), increasing to $25,899 in 1999.** However, the increase was well below the national average (+3.7%, to $28,867), and British Columbians continued to lose ground to other Canadians. Real per capita GDP in this province fell below the Canadian average in 1994, and since then the size of the gap has been increasing. Last year Alberta ($34,458), Ontario ($32,189) and Quebec ($26,199) all had a higher per capita GDP than British Columbia.

  Source: Statistics Canada

The Economy

- **BC manufacturers surveyed last month were more pessimistic about business conditions than they have been since the beginning of last year.** Among those surveyed, 29% expected their production to decline in the fourth quarter, compared to 21% who anticipated increases. This put the balance of opinion into the negatives (-8) for the first time since January 1999. Twenty percent of manufacturers expected new orders to decline, while 13% anticipated increases. At the same time, 18% expected their inventories of finished product to be too high, while 8% thought that they would be too low. Three out of four manufacturers did not expect to encounter production difficulties during the rest of the year. *Source: Statistics Canada*

- **Department store sales in BC and the North fell again (-11.7%) in September**. The year-over-year decline was the eleventh in as many months. Sales were down or flat in all parts of the country except Atlantic Canada, where Nova Scotia (-1.7%) was the only region to post a decline. Total Canadian sales fell 3.7%.

  Source: Statistics Canada

- **The number of consumer bankruptcies in the province dipped below last year's level in September.** There were 712 consumer bankruptcies registered in BC this September, four less than in the same month last year. The drop in the number of bankruptcies was the first since April, ending a four-month-long streak of double-digit increases. Nationally, the number of bankruptcies was flat (+0.2%), as all four of the largest provinces showed little change from September 1999.

  Source: Industry Canada

- **Business bankruptcies also fell in September (-15.1%), resuming a one-and-a-half-year-long downward trend after spiking in August.** In contrast, Canadian business bankruptcies rose (+2.9%) for the third month in a row. The increase at the national level was largely due to a 24.0% jump in the number of bankruptcies registered in Ontario. *Source: Industry Canada*

Criminal Victimization

- **Twenty-five percent of Canadian adults (aged 15 and over) said they had been a victim of a crime during 1999, but six out of ten hadn't reported the incident to the police.** About half of the incidents reported in the 1999 General Social Survey involved crimes against a person. A third were household crimes, and the remaining 15% could not be classified into a single category. Nearly a third of the incidents occurred during the summer. The most common reasons given by victims for not involving the police were that they felt the incidents were not important enough (59%) or that the police could not do anything (50%).*Source: SC. Catalogue 85-002. Vol 20 No 10*

- **British Columbia's criminal victimization rate in 1999 (273 personal crimes for every 1,000 residents 15 and older) was the highest in Canada, while Newfoundland's (142) was the lowest.** The national average was 186. BC also led the other provinces in terms of household crimes. There were 319 incidents for every 1,000 households in British Columbia, compared to 218 nationally. *Source: SC. Catalogue 85-002. Vol 20 No 10*

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

November 3, 2000

Infoline Report: British Columbia's aquaculture industry[1]

Contact: Lillian Hallin / (250) 387-0366

Originally published in the September 2000 issue, *Business Indicators*. Annual subscription: $60 + GST

This article is the third in a series of excerpts from a BC STATS report on the province's fisheries and aquaculture sector, published earlier this year. It is available through the New Releases section of the BC STATS website at: http://www.bcstats.gov.bc.ca.

Aquaculture defined

The aquaculture industry includes all establishments primarily engaged in farm-raising finfish, shellfish, or any other kind of aquatic animal. These establishments use some form of intervention in the rearing process to enhance production, such as keeping animals in captivity, regular stocking and feeding, and protecting them from predators.

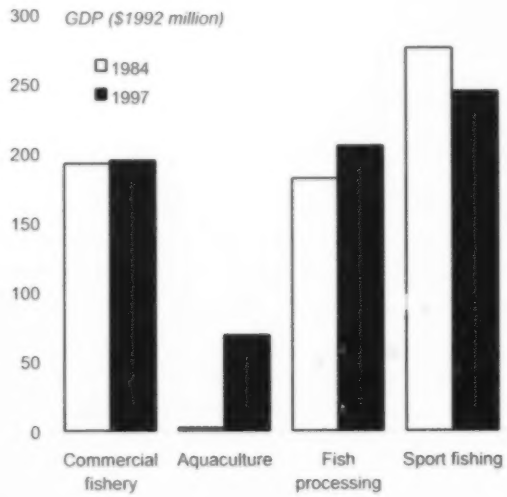
Aquaculture is becoming an increasingly important component of the fisheries and aquaculture sector

Aquaculture is an industry with a long history in British Columbia. The commercial cultivation of the Pacific oyster dates back to the beginning of the 1900s. Finfish farming in the province has developed more recently, and together with shellfish farming, is now a significant force within the fisheries and aquaculture sector.

Gross domestic product ($1992 million)	1997	% change since 1984
Fisheries and aquaculture	**710.8**	**9.4**
Commercial fishery	194.3	1.3
Aquaculture	68.1	4,046.0
Fish processing	204.6	13.0
Sport fishing	243.8	-11.4

Although it is still small when compared to other industries within the sector, aquaculture has seen phenomenal growth during the period since 1984, when the industry's gross domestic product (GDP) was estimated at $1.6 million (1992 dollars)–less than one percent of that in the commercial fishery. By 1997, fish and shellfish farming was about a third the size of the commercial fishery, and aquaculture was contributing more ($68.1 million) to the province's GDP than the salmon fishery ($65.9 million). In 1997, aquaculture generated about 10% of the fisheries and aquaculture sector's total gross domestic product (GDP), up from less than half a percent in 1984.

Finfish and shellfish farming now generate about a tenth of the fisheries and aquaculture sector's GDP



[1] As this report is excerpted from a BC STATS study released in February 2000, the data reported here do not include the latest information released by Statistics Canada in August. Those figures will be incorporated into the next edition of the larger study, which is due to be released early next year.

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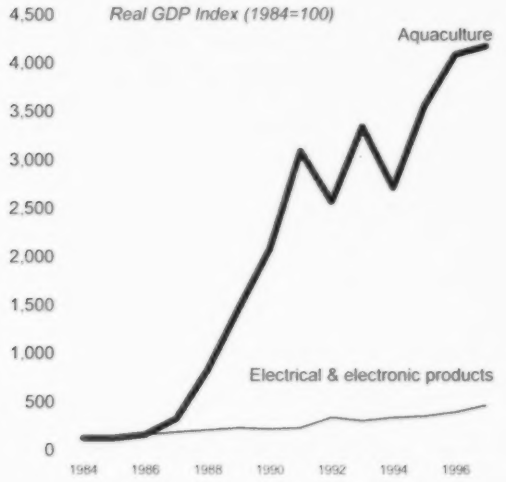
BC's aquaculture industry has grown ten times as much as the fast-growing electrical and electronic products industry



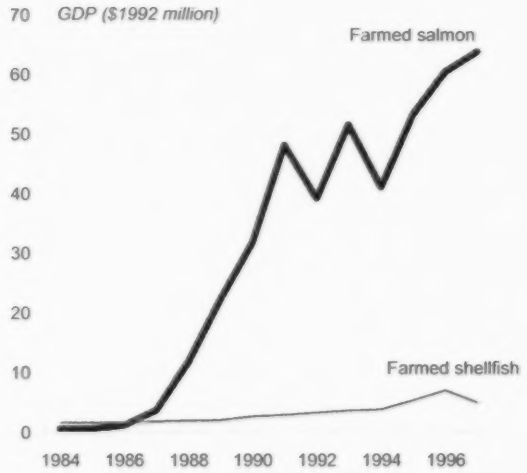
The aquaculture industry has expanded more than most industries in the province during the last decade and a half. Overall, BC's GDP increased by 48% between 1984 and 1997. In aquaculture, the cumulative growth since 1984 exceeded 4,000%, meaning that the industry is more than forty times bigger than it was in 1984. This expansion is quite remarkable. Of all the industries for which GDP estimates are produced, only three (miscellaneous petroleum and coal products; plastic film and sheeting; and electrical transformer manufacturing) have outperformed aquaculture during this period. Aquaculture has increased ten times as much as the electrical and electronic products manufacturing industry, one of the fastest growing in the province since 1984. The high-tech sector, by comparison, has increased 175% during the same period. The electrical and electronic products industry is the fastest-growing component within the high-tech sector.

The industry's focus has shifted from shellfish to finfish farming during the last decade and a half

The very strong growth seen in aquaculture reflects the fact that the biggest component of this industry–finfish farming–has developed from infancy to maturity during the last decade and a half, paralleling the changes that have occurred in agriculture since people first began to raise livestock and plant crops.

Part of the maturation process has involved the diversification of the industry from a primary concentration on the production of shellfish, to a much greater emphasis on finfish (mainly salmon) production. Salmon farming now dominates BC's aquaculture industry, accounting for the bulk of the industry's output and GDP. Ninety-six percent of the industry's revenues in 1997, and 93% of its GDP, originated in salmon farming activities. By comparison, in 1984, salmon farming generated about a third of total aquaculture revenues, and a fifth of the industry's GDP.

The rapid expansion in aquaculture is largely due to salmon farming, which now dominates the industry



Unlike the commercial fishery, where the main costs are those related to the harvesting of the resource, aquaculture operators must purchase their stock and then nurture it until it is ready to harvest. Their capital investment is tied up in pens, nets and other gear rather than in boats. Although aquaculture production is more labour-intensive than commercial fishing, labour and capital costs in this industry represent a smaller share of the total cost of production, because fish farmers also incur other costs for feed,

stock, and so on, which represent a significant share of total spending.

The GDP to output ratio in aquaculture is about 35%, well below the average of about 60% seen in the commercial fishery during most of the period covered by this study. In other words, the labour and capital inputs of a fish farmer represent a smaller portion of his total costs than they would in the case of a commercial fisherman.

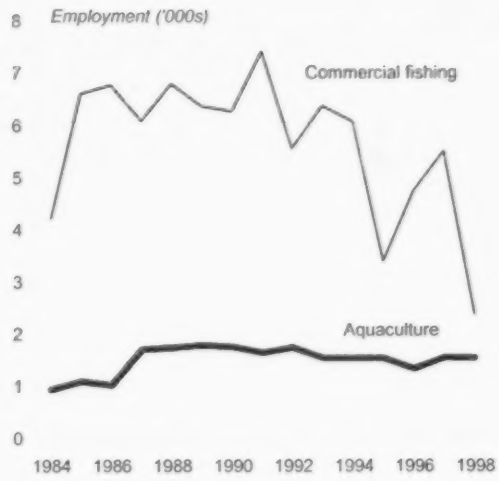
Revenue and expenditure data for hog farming, an industry believed to be similar to aquaculture in its cost structure, suggest that the GDP to output ratio in that industry is somewhat lower, at about 25%. As in the aquaculture industry, most of the value of the output produced by hog farmers represents a recovery of costs such as feed, stock and equipment purchased by the farming operation in order to produce its output.

The number of jobs[2] in aquaculture is expanding

Employment in the aquaculture industry was estimated at about 1,500 in 1998. Unlike the commercial fishery, where employment has been declining since the beginning of this decade, the number of jobs in aquaculture is expanding. In the commercial fishery, the number of jobs fell from 7,400 in 1991 to 2,300 in 1998 as the fleet shrank in response to programs designed to help preserve the salmon stock and boost the long-term viability of the salmon fishery. Almost 1,600 commercial salmon licences were voluntarily retired and the fleet has been further reduced through licence stacking policies.

It is important to remember that the employment data, which are derived from the Labour Force Survey, are based on a fairly small sample of the population. Annual fluctuations in the data may indicate changes in the composition of the sample rather than growth or decline, especially for an industry like aquaculture, which employs relatively few workers. Probably the strongest conclusion one should draw from these numbers is that roughly 1,500 people work in aquaculture, while the commercial fishing industry employs a declining share of the total workforce.

About 1,500 people work in BC's aquaculture industry



It was not possible to report wages and salaries in the aquaculture industry separately from those in the commercial fishery. Wages and salaries in the commercial fishery and aquaculture industries combined were estimated at $44 million in 1997, about a sixth of the total ($269 million) for the fisheries and aquaculture sector.

Aquaculture revenue reached $183 million in 1997

Aquaculture revenue reached $183 million in 1997. Of this total, $176 million was from salmon farming, while other aquaculture activities generated revenue totalling $7 million. In 1984, aquaculture revenue were just over $3 million, of which $1 million came from salmon farming, while $2 million originated in other fish farming (mainly shellfish farming) activities.

What's ahead for aquaculture in BC?

The rapid development of the aquaculture industry during the last decade and a half has helped boost the overall performance of the

[2] Employment data are from the Labour Force Survey, a survey of households

fisheries and aquaculture sector. At the same time, there are always growing pains associated with new methods of production, and the next decade will likely see further developments as the industry adapts to a changing environment.

Some of these changes are already occurring. Ownership of fish farming operations is becoming more concentrated. Last year, the top five companies produced over 75% of the total provincial farmed salmon harvest. In shellfish aquaculture, about 5 operations control half the production.

BC's aquaculture industry is becoming more vertically integrated, with operations covering all stages of production, from hatcheries to growout, fish processing and marketing activities. It faces stiff international competition from places such as Scandinavia and South America. At the same time, a regulatory environment is being established which will provide for more rigourous environmental monitoring, allow some farms to relocate to more suitable sites, and set up pilot projects to test new technologies. Finfish farming will continue to focus on tidal operations, but there will likely be some diversification to growing species of wild caught fish such as halibut.

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Infoline

November 3, 2000

fax transmission information service from **BC STATS**

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BC at a glance . . .

POPULATION (thousands)	Jul 1/00	% change on one year ago
BC	4,063.8	0.9
Canada	30,750.1	0.8
GDP and INCOME		
(BC - at market prices)	1999	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	118,783	4.2
GDP *($ 1992 millions)*	104,323	2.1
GDP *($ 1992 per Capita)*	25,899	1.3
Personal Disposable Income *($ 1992 per Capita)*	16,700	0.0
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Aug	3,077	-1.6
Merchandise Exports (raw) Aug	2,776	11.2
Retail Sales (seasonally adjusted) Aug	2,993	6.9
CONSUMER PRICE INDEX		
(all items - 1992=100)	Sep '00	% change on one year ago
BC	114.3	1.9
Canada	114.4	2.7
LABOUR FORCE (thousands)		
(seasonally adjusted)	Oct '00	% change on one year ago
Labour Force - BC	2,123	2.8
Employed - BC	1,960	2.9
Unemployed - BC	163	1.8
		Oct '99
Unemployment Rate - BC *(percent)*	7.7	7.7
Unemployment Rate - Canada *(percent)*	6.9	7.1
INTEREST RATES (percent)	Nov 1/00	Nov 3/99
Prime Business Rate	7.50	6.25
Conventional Mortgages - 1 year	7.90	7.35
- 5 year	8.25	8.25
US/CANADA EXCHANGE RATE	Nov 1/00	Nov 3/99
(avg. noon spot rate) Cdn $	1.5265	1.4687
US $ *(reciprocal of the closing rate)*	0.6519	0.6814
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Oct '00	% change on one year ago
BC	647.97	2.5
Canada	622.58	3.6

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bank-banque-canada.ca/english/wfgen.htm

Provincial GDP released

GDP figures to the left reflect the release of 1999 data this week by Statistics Canada.

Released this week by BC STATS

- No subscription releases

Next week

- Labour Force Statistics, October 2000
- Quarterly Regional Statistics, Third Quarter 2000

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